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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2005-06

(session year)

Senate

(Assembly, Senate or Joint)

**Committee on ... Job Creation, Economic
Development and Consumer Affairs (SC-JCEDCA)**

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

Senate

Record of Committee Proceedings

Committee on Job Creation, Economic Development and Consumer Affairs

Senate Bill 203

Relating to: expanding the sales tax exemption for coin-operated laundry services to include all self-service laundry services.

By Senators Grothman, Olsen, Roessler, Leibham, Darling, Kanavas, Kedzie, A. Lasee and Lazich; cosponsored by Representatives Van Roy, LeMahieu, Gundrum, Kestell, Towns, Kerkman, Hahn, Strachota, Owens, Gunderson, Townsend, Kreibich, Musser, Hines, Lothian, Albers, Pridemore, J. Fitzgerald, Krawczyk, Vrakas, Pettis and Petrowski.

May 10, 2005 Referred to Committee on Job Creation, Economic Development and Consumer Affairs.

June 22, 2005 **PUBLIC HEARING HELD**

Present: (5) Senators Kanavas, Zien, Reynolds, Lassa and Decker.
Absent: (0) None.

Appearances For

- Glenn Grothman, Madison — Senator
- Mr. Donald Shine — Wisconsin Self-Service Laundry Association
- Mr. Richard Postuma — Wisconsin Self-Service Laundry Association
- Mr. William Smith, Plymouth — Coin Laundries
- Mr. Mike Moklov, Ripon — Wisconsin Self-Service Laundry Association

Appearances Against

- None.

Appearances for Information Only

- None.

Registrations For

- Joe Leibham, Madison — Senator
- Ms. Kathi Kilgore, Madison — Wisconsin Innkeepers Association
- Ms. Sherrie Gates-Hendrix, Madison — Department of Revenue
- Mr. Gary Goyke, Madison — Wisconsin Self-Service Laundry Association

Registrations Against

- Mr. Matt Stohr — Wisconsin Counties Association

October 21, 2005

EXECUTIVE SESSION HELD

Present: (5) Senators Kanavas, Zien, Reynolds, Lassa and Decker.

Absent: (0) None.

Moved by Senator Kanavas that **Senate Bill 203** be recommended for passage.

Ayes: (4) Senators Kanavas, Zien, Reynolds and Lassa.

Noes: (1) Senator Decker.

PASSAGE RECOMMENDED, Ayes 4, Noes 1

Jeremey Shepherd
Committee Clerk

Record of Committee Proceedings

~~**Joint committee on Finance**~~

~~**Senate Bill 203**~~

SENATE BILL 203 (LRB -2685)

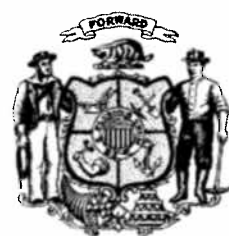
An Act to amend 77.52 (2) (a) 6. of the statutes; relating to: expanding the sales tax exemption for coin-operated laundry services to include all self-service laundry services.

2005

05-10.	S.	Introduced by Senators Grothman, Olsen, Roessler, Leibham, Darling, Kanavas, Kedzie, A. Lasee and Lazich ; cosponsored by Representatives Van Roy, LeMahieu, Gundrum, Kestell, Towns, Kerkman, Hahn, Strachota, Owens, Gunderson, Townsend, Kreibich, Musser, Hines, Lothian, Albers, Pridemore, J. Fitzgerald, Krawczyk, Vrakas, Pettis and Petrowski.	
05-10.	S.	Read first time and referred to committee on Job Creation, Economic Development and Consumer Affairs	202
05-24.	S.	Fiscal estimate received.	
06-22.	S.	Public hearing held.	
10-21.	S.	Executive action taken.	
10-24.	S.	Report passage recommended by committee on Job Creation, Economic Development and Consumer Affairs, Ayes 4, Noes 1	403
10-24.	S.	Available for scheduling.	
10-27.	S.	Referred to joint committee on Finance by committee on Senate Organization pursuant to Senate Rule 41 (1)(e), Ayes 5, Noes 0	411
2006			
05-11.	S.	Failed to pass pursuant to Senate Joint Resolution 1	853



WISCONSIN STATE LEGISLATURE





State of Wisconsin • DEPARTMENT OF REVENUE

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Jim Doyle
Governor

Michael L. Morgan
Secretary of Revenue

Senate Committee on Job Creation, Economic Development and Consumer Affairs, June 22, 2005

SB 203 – Expand the Sales Tax Exemption for Coin-Operated Laundry Services to Include All Self-Service Laundry Services (Sen. Grothman)

Description of Current Law and Proposed Change

Under current law, laundry, dry cleaning, pressing and dyeing services are exempt from sales tax when performed using a coin-operated, self-service machine.

Under the bill, laundry, all dry cleaning, pressing and dyeing services would be exempt when performed using a self-service machine, regardless of the means of payment. In effect, the bill would expand the self-service laundry exemption to include debit cards, smart cards, tokens, and other non-coin means of payment.

Current law exempts laundry services provided using coin-operated, self-service machines because coin-operated devices do not lend themselves to collection of small increments of sales tax. Also, if the machines were taxed, lower-income persons would bear a disproportionately large burden of the tax since they are assumed to use such machines more than higher-income persons.

Fairness/Tax Equity

- Under the bill, all self-service laundry machines would be treated the same (i.e., exempt), regardless of the means of payment.
- Washing machines and dryers are subject to sales tax when purchased by the laundry operator, and the prices enable the operator to recover those taxes. To the extent the bill reduces double taxation, it promotes economic efficiency.

Impact on Economic Development

- The expanded exemption would be an incentive to self-service laundry operators to invest in washing machines and dryers capable of accepting debit or smart cards and other non-cash means of payment. In addition to the cost of the new equipment, such investment would include expenditures for installation.

Administrative Impact/Fiscal Effect

- State sales and use taxes would decrease by about \$60,000 per year while county and stadium sales and use taxes would decrease by about \$5,000 per year under the bill.
- The bill has no administrative impacts.

DOR Position

- Support

Prepared by: Blair Kruger, 266-1310, bkruger@dor.state.wi.us

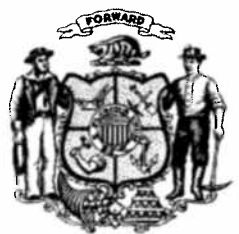
June 21, 2005

BK:skr

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WISCONSIN STATE LEGISLATURE



**To: Senate Committee on Job Creation, Economic
Development and Consumer Affairs Members**

From: Senator Glenn Grothman

**Re: Testimony on Senate Bill 203 – Sales Tax Exemption
for all self-service laundry services**

Date: June 22, 2005

Thank you Senator Kanavas for scheduling Senate Bill 203.

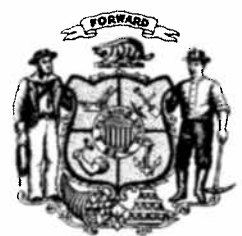
In the middle 1960s a sales tax exemption was inserted in statutes for coin operated laundries. We believe the intent at that time was that all self-service laundries be exempt from sales tax. Since there were no token or ticket operated laundry mats at the time, the term coin-operated was used. This is unfortunate.

Since that time, ticket and token operated self-serve machines have been developed. Some operators believe that a ticket operated laundry would be less susceptible to vandalism and would thrive if only they had the same tax exemption as the coin-operated laundry. The current small number of token operated laundries makes the fiscal effect negligible.

Passage of this bill could result in more token operated laundries which would benefit consumers and owners alike. I request your support on this bill to undo the inadvertent problem caused in the 1960s.



WISCONSIN STATE LEGISLATURE



Wisconsin Self-Service Laundry Association

MEMO

TO: State Senator Ted Kanavas, Chair
Senate Job Creation, Economic Development and Consumer Affairs Committee
Members of the Committee

FROM: Don Shine, President
Wisconsin Self-Service Laundry Association
Waterford, Wisconsin

Gary R. Goyke, Legislative Representative
Wisconsin Self-Service Laundry Association
Madison, Wisconsin

RE: Support for Senate Bill 203, Expanding the Sales Tax Exemption to Include
All Self-Service Laundry Services

DATE: June 22, 2005

Back in 1965, the State of Wisconsin enacted an exemption from the sales tax for "coin operated, self service laundry machines." Revenue from coin operated laundry machines in laundromats and apartments was deliberately exempted from the sales tax by the Legislature.

The matter was clear — coin laundry revenue was exempt from state and county sales taxes — until the late 1980s. When UW-Eau Claire installed its own machines on campus for student use, they installed ticket-operated instead of coin-operated machines. Campus officials began forwarding sales tax to the Wisconsin Department of Revenue (DOR). This action led the DOR to begin auditing laundromats throughout the state. Wherever the DOR found ticket-operated machines, it assessed a payment for current and back sales taxes on revenue.

This activity by the DOR led the Wisconsin Self-Service Laundry Association (WSLA) to request a legislative measure, introduced this year as Senate Bill 203. The bill would clarify state law to exempt *all* self-service laundry machines from the sales

tax, not just those that are coin-operated. The association hopes you will support this measure.

WSLA believes the 1965 Legislature intended to exempt all self-service laundry machines from the sales tax because clean clothes are a necessity like groceries. Because the only technology at that time was coin-operated machines, the Legislature never anticipated the words "coin-operated" would produce an inequitable tax policy in the 1990's and beyond.

The WSLA has worked hard to study the impact of this sales tax. Surveys done in the 1980s and again in 1994 show the self-service laundry customer base are the elderly, single parents, people who earn less than \$1,000 per month, students and rural residents.

SB 203 clarifies that the sales tax exemption applies to all self-service laundry machines, was successfully adopted in past legislative sessions. In 1990 it was added to the state budget, but Governor Thompson vetoed the language. In his veto message, Governor Thompson said he believed the language had merit but preferred to see it as separate legislation. The measure was reintroduced in succeeding sessions. Efforts by WSLA members paid off when the Joint Survey Committee on Tax Exemptions voted the bill "good public policy" in 1992, 1994 and again in 1996.

We respectfully request your support for this legislation. It would honor the ideas brought forward back in 1965. If citizens perform or "do" their own laundry, it would not be taxed.

We need your help this year! Thank you for listening! If you have questions, please feel free to contact Mike Mokler, WSLA Legislative Chair, W14115 Plante Drive, Ripon, WI 54971, phone (920) 235-6470; Don Shine, WSLA President, 29723 N. Lake Drive, Waterford, WI 53185, phone/fax (262) 662-4387; or Gary R. Goyke, WSLA Lobbyist, 754 Williamson Street, Madison, WI 53703, phone (608) 255-1166.